

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2009-512-W - ORDER NO. 2010-608  
SEPTEMBER 3, 2010

IN RE:	Application of Hamilton-Haynes Water	)	ORDER APPROVING
	Works for an Establishment of Its Service	)	SETTLEMENT
	Area, Rates and Charges for the Provision of	)	AGREEMENT AND
	Water Services	)	RATES AND CHARGES

This matter comes before the Public Service Commission of South Carolina (hereinafter the “Commission”) on the proposed Settlement Agreement (“Agreement”) filed by the Office of Regulatory Staff (“ORS”) and Hamilton-Haynes Water Works (“Hamilton-Haynes” or “the Company”) (together “Parties”).

This matter was initiated on February 8, 2010, when Hamilton-Haynes filed with this Commission an Application for the establishment of service area, rates and charges for the provision of water service. See S.C. Code Ann. §58-5-210 (Supp. 2009). By its Application, the Company sought approval of a flat rate of \$25.00 per month for residential customers, a flat rate of \$40.00 per month for commercial and church water service, and a flat rate of \$12.00 per month for irrigation service.

By letter dated April 6, 2010, the Commission’s Clerk’s Office instructed the Company to publish a prepared Notice of Filing, one time, in newspapers of general circulation in the area affected by the Company’s Application. The Notice of Filing described the nature of the Application and advised all interested persons desiring to

participate in the scheduled proceedings of the manner and time in which to file appropriate pleadings for inclusion as a party of record. In the same letter, the Commission also instructed the Company to notify directly, by U. S. Mail, each customer affected by the Application by mailing each customer a copy of the Notice of Filing. Hamilton-Haynes furnished the Commission with an Affidavit of Publication demonstrating that the Notice of Filing had been duly published in a newspaper of general circulation in the area affected by the Company's Application. The Company also provided the Commission with a letter in which the Company certified that it had complied with the instruction of the Commission's Clerk's Office to mail a copy of the Notice of Filing to all customers affected by the Application.

No Petitions to Intervene were filed in this case in response to the Notice of Filing. Pursuant to S.C. Code Ann. Section 58-4-10(B) (Supp. 2009), ORS is a party of record in this proceeding.

As a result of settlement negotiations between them, the Parties have determined that their interests are best served by settling the dispute in this matter under the terms and conditions set forth below. ORS stated in the Agreement that the settlement serves the public interest, preserves the financial integrity of the Company, and promotes economic development within the State of South Carolina. By signing the Settlement Agreement, counsel for ORS and the owner for Hamilton-Haynes acknowledged their consent to its terms. The Settlement Agreement provided that the Parties viewed the terms of the Agreement to be just and reasonable.

A public hearing was held before the Commission on August 17, 2010, at the Commission's offices located at 101 Executive Center Drive, Columbia, South Carolina. Carolyn H. Smith, office and property manager, appeared on behalf of Hamilton-Haynes. ORS was represented by Shealy Boland Reibold, Esquire. At this hearing, the parties offered into the record the Settlement Agreement dated July 20, 2010. The Parties further introduced into the record and stipulated to the prefiled testimony of Company witness Carolyn H. Smith, and Hannah Majewski, ORS Program Specialist – Water/Wastewater Department. Mrs. Majewski testified in support of the Settlement Agreement. The Parties asserted before the Commission that the Settlement Agreement provides a schedule of proposed rates, terms, and conditions that are just and reasonable to both the Company and its customers.

Hamilton-Haynes provides water service to 82 customers in Moncks Corner in Berkeley County. There are 80 residential customers, one church, and one convenience store. The system began operations in the early 1960s. Hamilton-Haynes provides water service to its customers using two deep-drilled wells. The rates currently being charged to customers are identical to those the Company is seeking to have approved in its Application.

In the Settlement Agreement, the Parties propose that the rates be implemented as follows: a flat rate of \$25.00 per month for residential customers and a flat rate of \$40.00 per month for commercial and church water service. Water tap fees will be \$560.00 for a ¾" meter, \$760.00 for a 1" meter, and \$1,260 for a 1½" meter. While the Company currently has no irrigation customers, the Company proposed and the Parties agreed to a

flat rate of \$12.00 per month for any irrigation system and a corresponding \$600.00 irrigation meter installation charge.

ORS witness Majewski testified that the proposed rate schedule would result in the ability to earn total operating revenue of \$25,140 with an operating margin of 2.8%. ORS provided a late-filed exhibit detailing the computation of the operating margin. The exhibit showed, as adjusted, total operating revenues of \$25,140, total operating expenses of \$24,435, and net income of \$705. An operating margin of 2.8% was computed using a net income of \$705 divided by total operating revenues of \$25,140. Mrs. Majewski also testified that Hamilton-Haynes is in compliance with DHEC regulations, and Hamilton-Haynes would be a NARUC Class C water utility according to the pro forma revenue information. Further, witness Majewski modified orally from the stand her Exhibit HKM-4 to add the proposed \$600 installation of irrigation meter rate and the proposed flat rate of \$12 per month for any irrigation system, as agreed to by the parties.

Company witness Smith explained that the requested flat rates are the same the Company had been charging before filing its Application. Mrs. Smith testified that they have maintained the system throughout the years and the system is in good condition. Mrs. Smith testified she was one of three employees of the system and that, while the system has meters for every customer, the Company has continued with flat rates because they do not have sufficient manpower to read the meters. Mrs. Smith further testified that the Company had put up proper signage on its well tanks in accordance with recommendations made during ORS's site visit. Mrs. Smith testified the Company was not currently using the NARUC Uniform System of Accounts for its books and records,

but that she had purchased the necessary materials and would be utilizing the NARUC Uniform System of Accounts in the future. Mrs. Smith testified she agreed with the 2.8% operating margin in the Settlement Agreement.

We find that the rates agreed to by the parties as described from the stand by ORS witness Majewski are just and reasonable and allow Hamilton-Haynes to provide its customers with adequate water service.

The Settlement Agreement provides a schedule of proposed rates, terms, and conditions that are just and reasonable. The parties therefore agreed and stipulated to certain rates and charges and terms and conditions which we hereby approve and are set forth in the attached Appendix B. We agree, and hereby find, that the rates and charges and terms and conditions contained in the Settlement Agreement are just and reasonable.

After review and consideration by this Commission of the Settlement Agreement, the evidence contained in the record of this case and the testimony of the witnesses, the Commission concludes as a matter of law that the Settlement Agreement results in just and reasonable rates and fees for water service.

Based on the operating revenues, income, and expenses agreed upon by the parties, the resulting allowable operating margin for the Company is 2.8%. See S.C. Code Ann. § 58-5-240(H).

IT IS THEREFORE ORDERED THAT:

1. The Settlement Agreement, including attachments, is attached hereto as Appendix A and is incorporated into and made a part of this Order by reference.

2. The proposed rates contained in the Settlement Agreement have been entered into the record of this case without objection. We find that the schedule of rates and charges and terms and conditions attached hereto as Appendix B is both just and reasonable and will allow the Company to provide its customers with adequate water services.

3. The schedule of rates and charges attached hereto as Appendix B is approved for service rendered thirty days after the issuance of this Order.

4. An operating margin of 2.8% is approved for Hamilton-Haynes.

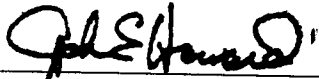
5. Hamilton-Haynes shall file all necessary documents, reports and other instruments as required by applicable South Carolina statutes and regulations for the operation of its water system in Moncks Corner.

6. Hamilton-Haynes shall be a NARUC Class C water utility and shall keep its books and records according to the NARUC Uniform System of Accounts as required by the Commission's rules and regulations.

7. Hamilton-Haynes shall file with the Commission and provide a copy to ORS a bond that satisfies the criteria as set forth in S.C. Code Ann. § 58-5-720 (Supp. 2009) within 30 (thirty) days from the issuance of this Order. The amount of Hamilton-Haynes's performance bond for water service is \$100,000.

8. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

  
\_\_\_\_\_  
John E. Howard, Chairman

ATTEST:

  
\_\_\_\_\_  
David A. Wright, Vice Chairman

(SEAL)

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION**  
**OF SOUTH CAROLINA**  
**DOCKET NO. 2009-512-W**

**July 20, 2010**

IN RE: Application of Hamilton-Haynes     )  
      Water Works for an Establishment of)     **SETTLEMENT AGREEMENT**  
      Its Service Area, Rates and Charges )  
      for the Provision of Water Services )

This Settlement Agreement is made by and between Hamilton-Haynes Water Works ("Hamilton-Haynes" or "the Company") and the South Carolina Office of Regulatory Staff ("ORS"), (collectively referred to as the "Parties" or sometimes individually as a "Party").

WHEREAS, on February 8, 2010, Hamilton-Haynes filed an Application for the Establishment of Service Area, Rates and Charges for the Provision of Water Services with the Public Service Commission of South Carolina ("Commission");

WHEREAS, the above-captioned proceeding has been established by the Commission pursuant to the procedure established in S.C. Code Ann. § 58-5-240 (Supp. 2009) and 26 S.C. Code Ann. Regs. 103-712.4.B (2009);

WHEREAS, Hamilton-Haynes provides water service to approximately 82 customers in Moncks Corner in Berkeley County, South Carolina;

WHEREAS, ORS has examined the books and records of the Company relative to the matters raised in the Application and has conducted a site visit;

WHEREAS, the Parties to this Settlement Agreement are parties of record in the above-captioned docket and there are no other parties of record in the above-captioned proceeding;



WHEREAS, the Parties have engaged in discussions, to determine whether a settlement of this proceeding would be in their best interests and in the public interest;

NOW, THEREFORE, the Parties hereby stipulate and agree to the following terms, which, if adopted by the Commission in its Order on the merits of this proceeding, will result in rates and terms and conditions of water service which are adequate, just, reasonable, nondiscriminatory, and supported by the evidence of record of this proceeding, and which will allow the Company the opportunity to obtain a reasonable operating margin.

1. The Parties stipulate and agree that a flat rate of \$25.00 per month for residential water service, and a flat rate of \$40.00 per month for commercial and church water service are just and reasonable rates. Water tap fees will be \$560.00 for a ¾" meter, \$760.00 for a 1" meter, and \$1,260 for a 1 ½" meter. Fees for new service with an existing water tap for a ¾" meter will be \$60.00.

2. The Parties stipulate and agree that the rates contained in the rate schedule attached as Exhibit One to this Settlement Agreement are reasonably designed to allow the Company to provide service to its water customers at rates and terms and conditions of service that are fair, just and reasonable and provides the opportunity to recover the revenue required to earn a fair operating margin.

3. The Parties agree that the ORS shall have access to all of the books and records of this system and shall perform an examination of these books as necessary.

4. Hamilton-Haynes agrees to keep its books and records according to the NARUC Uniform System of Accounts as required by the Commission's rules and regulations. Hamilton-Haynes also understands and agrees that the South Carolina Department of Health and

Environmental Control (“DHEC”) Safe Drinking Water Fee may only be collected and used to pay DHEC.

5. Hamilton-Haynes agrees to file all necessary documents, bonds, reports and other instruments as required by applicable South Carolina statutes and regulations for the operation of a water system.

6. Hamilton-Haynes agrees that this system is a “public utility” subject to the jurisdiction of the Commission as provided in S.C. Code Ann. §58-5-10(4) (Supp. 2009) and that Hamilton-Haynes is therefore required to meet the bond requirements for the operation of the system as set forth in S.C. Code Ann. §58-5-720 (Supp. 2009).

7. The Parties agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the Commission as a fair, reasonable and full resolution of the above-captioned proceeding. The Parties agree to use reasonable efforts to defend and support any Commission Order issued approving this Settlement Agreement and the terms and conditions contained herein.

8. The Parties agree to stipulate into the record the pre-filed direct testimony of Carolyn H. Smith on behalf of Hamilton-Haynes and the settlement testimony of Hannah Majewski on behalf of ORS in support of this Settlement Agreement.

9. ORS is charged by law with the duty to represent the public interest of South Carolina pursuant to S.C. Code § 58-4-10(B) (added by Act 175). S.C. Code § 58-4-10(B)(1) through (3) reads in part as follows:

... ‘public interest’ means a balancing of the following:

- (1) concerns of the using and consuming public with respect to public utility services, regardless of the class of customer;
- (2) economic development and job attraction and retention in South Carolina; and

- (3) preservation of the financial integrity of the State's public utilities and continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.

ORS believes the agreement reached between the Parties serves the public interest as defined above. The terms of this Settlement Agreement balance the concerns of the using public while preserving the financial integrity of the Company. ORS also believes the Settlement Agreement promotes economic development within the State of South Carolina. The Parties stipulate and agree to these findings.

10. The Parties agree that by signing this Settlement Agreement, it will not constrain, inhibit or impair in any way their arguments or positions they may choose to make in future Commission proceedings. If the Commission should decline to approve the Settlement Agreement in its entirety, then any Party desiring to do so may withdraw from the Settlement Agreement without penalty.

11. This Settlement Agreement shall be interpreted according to South Carolina law.

12. Each Party acknowledges its consent and agreement to this Settlement Agreement by authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of this Settlement Agreement. Facsimile signatures and email signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the various signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement.

[SIGNATURE PAGES TO FOLLOW]

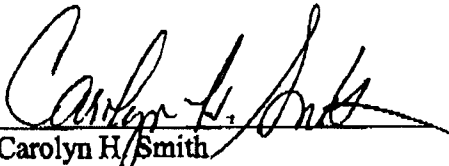
WE AGREE:

**Representing and binding the Office of Regulatory Staff**

Shealy Boland Reibold  
Shealy Boland Reibold, Esquire  
**South Carolina Office of Regulatory Staff**  
1401 Main Street, Suite 900  
Columbia, SC 29201  
Phone: (803) 737-0863  
Fax: (803) 737-0895  
E-mail: [sreibol@regstaff.sc.gov](mailto:sreibol@regstaff.sc.gov)

**WE AGREE:**

**Representing and binding Hamilton-Haynes Water Works**

A handwritten signature in black ink, appearing to read "Carolyn H. Smith", written over a horizontal line.

Carolyn H. Smith

255 North Highway 52, Suite 1

Moncks Corner, SC 29461

Phone: (843) 761-4959

Fax: (843) 761-1472

Email: haynesconst@honesc.com

**THE OFFICE OF REGULATORY STAFF**

**SETTLEMENT TESTIMONY**

**OF**

**HANNAH K. MAJEWSKI**

**JULY 20, 2010**



**DOCKET NO. 2009-512-W**

**Application of Hamilton-Haynes Water  
System for an Establishment of Its Service  
Area, Rates and Charges for the Provision  
of Water Services**

1                   **SETTLEMENT TESTIMONY OF HANNAH K. MAJEWSKI**  
2                                   **FOR**  
3                   **THE OFFICE OF REGULATORY STAFF**  
4                                   **DOCKET NO. 2009-512-W**  
5   **IN RE: APPLICATION OF HAMILTON-HAYNES WATER SYSTEM FOR THE**  
6   **ESTABLISHMENT OF ITS SERVICE AREA, RATES AND CHARGES FOR**  
7   **THE PROVISION OF WATER SERVICES**

8

9   **Q.   PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND**  
10   **OCCUPATION.**

11   A.           My name is Hannah Majewski, and my business address is 1401 Main  
12               Street, Suite 900, Columbia, South Carolina 29201. I am employed by the State  
13               of South Carolina Office of Regulatory Staff ("ORS") as the Program Specialist  
14               for the Water and Wastewater Department.

15   **Q.   PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND**  
16   **EXPERIENCE.**

17   A.           I received a Bachelor of Arts Degree in English from the University of  
18               South Carolina in 1990. I have been employed by the State of South Carolina  
19               approximately 19 years, the last three of which have been with the Office of  
20               Regulatory Staff's Consumer Services Department assisting electric and gas  
21               consumers. In July 2009, I became the Program Specialist for the Water and  
22               Wastewater Department.

**THE OFFICE OF REGULATORY STAFF**  
**1401 Main Street, Suite 900**  
**Columbia, SC 29201**

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**  
2 **PROCEEDING?**

3 A. The purpose of my testimony is to set forth the ORS staff findings relative  
4 to my review of the application of Hamilton-Haynes Water System ("Hamilton-  
5 Haynes") for establishment of water rates in Berkeley County. I will also provide  
6 a brief overview of the Settlement Agreement reached between ORS and  
7 Hamilton-Haynes in this proceeding and to explain why this Settlement  
8 Agreement is in the public interest.

9 **Q. PLEASE EXPLAIN HOW YOU COMPILED INFORMATION FOR YOUR**  
10 **TESTIMONY AND EXHIBITS.**

11 A. I used information provided by Hamilton-Haynes in its application and  
12 additional information provided by Hamilton-Haynes during ORS's review.

13 **Q. ARE THE FINDINGS OF YOUR REVIEW CONTAINED IN THIS**  
14 **TESTIMONY AND ACCOMPANYING EXHIBITS?**

15 A. Yes, my testimony and the attached exhibits detail ORS's findings and  
16 recommendations.

17 **Q. PLEASE PROVIDE AN OVERVIEW OF THE LOCATION, SERVICE**  
18 **TYPE AND CUSTOMER BASE SERVED BY HAMILTON-HAYNES.**

19 A. Hamilton-Haynes provides water service to approximately 82 customers in  
20 Moncks Corner, SC. Of the 82 customers, eighty are residential and two are  
21 commercial. Based on our review, Hamilton-Haynes would be classified as a  
22 NARUC Class C water utility according to the pro forma revenue information.

23 **Q. PLEASE EXPLAIN EXHIBIT HKM-1 OF YOUR REPORT.**



1     A.             Exhibit HKM-1 is a summary of the Hamilton-Haynes water  
2             supply/distribution system inspected by ORS on June 18, 2010.

3             **Water Supply/Distribution System**

4             Hamilton-Haynes currently provides adequate water supply services to its  
5             customers using two deep-drilled wells. Safe drinking water standards are being  
6             met according to recent DHEC sanitary survey reports and required certified  
7             operator logs were in compliance at all ORS audited facilities. General  
8             housekeeping items including access roads and operator visits are satisfactory.  
9             Hamilton-Haynes was advised to provide proper signage on their well houses and  
10            storage tanks. Hamilton-Haynes charges a flat rate of \$25 per month for water  
11            service to residential customers and a flat rate of \$40 per month for water service  
12            to its commercial customers. DHEC rated the water system as  
13            "SATISFACTORY" during their last sanitary survey. No construction activity is  
14            being proposed by Hamilton-Haynes for its water systems and no immediate need  
15            exists for any major upgrade.

16    Q.            **EXPLAIN THE PROPOSED REVENUE INFORMATION COMPUTED**  
17            **BY ORS FOR HAMILTON-HAYNES.**

18    A.            Exhibit HKM-2 summarizes Hamilton-Haynes' revenues for water service  
19            that would be generated from the residential and commercial customers of  
20            Hamilton-Haynes for a 12-month period. ORS used Hamilton-Haynes' current  
21            rates as indicated in its application for these calculations. ORS calculated  
22            Hamilton-Haynes' proposed operating revenues of \$25,140.

1   **Q.     WHAT AMOUNT DOES THE ORS RECOMMEND THE COMMISSION**  
2   **SET FOR HAMILTON-HAYNES'S WATER PERFORMANCE BOND?**

3   A.           Based on the pro forma expenses provided by Hamilton-Haynes and using  
4           the criteria set forth in 26 S.C. Code Regs. 103-512.3.1 and 712.3.1, ORS  
5           determined the amount of Hamilton-Haynes' performance bond for water service  
6           should be \$100,000 (see Exhibit HKM-3). Hamilton-Haynes has inquired into  
7           obtaining a performance bond in the amount of \$100,000. ORS respectfully  
8           requests that the Commission require Hamilton-Haynes to maintain a  
9           performance bond amount for water operations in the amount of \$100,000 as it is  
10          in the public interest for Hamilton-Haynes to maintain a bond that satisfies the  
11          criteria as set forth in S.C. Code Ann. § 58-5-720 (Supp. 2009).

12   **Q.     PLEASE EXPLAIN EXHIBIT HKM-4.**

13   A.           Exhibit HKM-4 is a summary of the Hamilton-Haynes' proposed rates.

14   **Q.     PLEASE PROVIDE AN OVERVIEW OF THE SETTLEMENT**  
15   **AGREEMENT.**

16   A.           The parties have agreed that their interests, as well as the interest of the  
17           public, would be best served by settling all pending issues in this proceeding. It is  
18           the position of ORS and the other parties of record in this docket that the  
19           Settlement Agreement, as presented to this Commission, is a fair, reasonable and  
20           full resolution to all issues in this proceeding. Further, the Settlement Agreement  
21           represents the public interest as it preserves the balance referred to in S. C. Code  
22           §58-4-10:

23   ... 'public' interest means a balancing of the following:

- 1 (1) Concerns of the using and consuming public with respect  
2 to public utility services, regardless of the class of customer;  
3  
4 (2) Economic development and job attraction and retention in  
5 South Carolina; and  
6  
7 (3) Preservation of the financial integrity of the State's public utilities  
8 and continued investment in and maintenance of utility facilities  
9 so as to provide reliable and high quality utility services

10 All parties agree that the rates and charges set forth are necessary for Hamilton-  
11 Haynes to provide its residential and commercial customers with adequate water  
12 service. The Settlement Agreement provides proposed rates, terms, and  
13 conditions that are fair and reasonable to both the customer and Hamilton-Haynes.  
14 The utility is proposing a flat rate for water. The proposed rate schedule would  
15 result in the ability to earn total revenue of \$25,140 resulting in a 2.80% operating  
16 margin. Hamilton-Haynes did not seek a specific operating margin in their  
17 application.

18 As stated earlier, it is the position of ORS and Hamilton-Haynes that this  
19 Settlement Agreement is fair and reasonable and represents full resolution of all  
20 issues in this proceeding and I would request the Commission approve the  
21 Settlement Agreement as presented today.

22 **Q. DOES THAT CONCLUDE YOUR TESTIMONY?**

23 **A.** Yes it does.



Exhibit HKM-1

## ORS WATER SYSTEM INSPECTION REPORT

### Inspection Overview

Date Inspected: June 18, 2010

Inspector Name: Willie Morgan, Hannah Majewski

Docket Number: 2009-512-W

Utility Name: Hamilton-Haynes Water Works

Utility Representative: Carolyn Haynes Smith, Charles Hamilton

Number of Customers: 82

System Type (distribution, well, etc): well

Location of System: Moncks Corner, SC

Location of Utility Office: 255 N. Highway 52, Moncks Corner, SC

Treatment Type: none

Permit #: WS#0850014

Last SC DHEC Compliance Rating: S

Frequency checked by Licensed Operator: monthly

Wastewater Provider: septic

### Inspection Overview

	System Components Inspected	Specific Type	#	P S I	Capacity	Compliance		Comments
						Yes	No	
1	Well Sites		2			x		
2	Pump Houses		2			x		
3	Storage Tank	Pressurized	2			x		Well 1 - 5000 gal Well 2 - 3100 gal
3a	Storage Tank	Non-Pressurized						
3b	Storage Tank	Overhead						
4	Chlorinator	N/A						
5	Other Chemicals in use	N/A						
6	Meters		82					Meters located at all residences, but are not being read (flat rate)
7	Fire Hydrants		0					
8	Electrical Wiring acceptable					x		
9	Piping acceptable					x		
10	Water free of air							Did not observe
11	Water free of sand							Did not observe
12	Water clarity							Did not observe
13	System free of leaks					x		
14	Water free of observed odor							Did not observe
15	Access road adequate					x		
16	Ability for service area to expand					x		

### Additional Comments:

Signage (company name/phone number) required on well houses and storage tank; each well is approx. 240 feet deep

EXHIBIT HKM-2

HAMILTON-HAYNES WATER WORKS  
2009-512-W  
REVENUE IMPACT ANALYSIS

Calculated Revenue Overview						
Service Type	Customer Classification	Months of Occupancy	Service Units	Base Facility Charge (BFC)	New Service With Existing Tap Fee (2)	Calculated Revenues (1)
Water	Residential	12	80	\$25.00		\$24,000
	Commercial	12	1	\$40.00		\$480
	Church	12	1	\$40.00		\$480
	Misc. Revenue (2)				\$60.00	\$180
Total Operating Revenues						\$25,140

Calculation Methodology:

- (1) Customer Tap Fees, Deposits and Interest on Deposits, Backflow Prevention Installation Fees are not included in any of the above computations.
- (2) Average 3 new customers with existing water tap per year

Appendix A

Docket No. 2009-512-W

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Hamilton Haynes Water Works  
2009-512-W  
Performance Bond Requirement

EXHIBIT HKM-3

Bond Value Components	Hamilton-Haynes Water System	
	Per Company Application	As Adjusted
Salaries & Wages	\$9,998	\$9,998
Electric	\$5,161	\$5,161
Repairs and Maintenance	\$1,757	\$1,757
Laboratory Testing Fees	\$535	\$535
Rent	\$2,040	\$2,040
Office Expenses	\$35	\$500
Postage	\$45	\$300
Insurance	\$955	\$1,455
Accounting and Bookkeeping	\$175	\$200
Utility Regulation Expense	\$0	\$183
Rate Case Expense	\$0	\$1,000
Property Taxes	\$800	\$800
Miscellaneous	\$150	\$150
Income Tax Expense	\$875	\$15
<b>Bond Value Requirement</b>	<b>\$22,526</b>	<b>\$24,094</b>

Performance Bond Structure	Bond Value	Expiration Date
<b>Total Financial Assurance</b>	<b>\$100,000</b>	

**1. Monthly Charges**

Residential and Commercial

We are requesting an approval of a flat rate of \$25.00 per month for all single family residents, a \$40.00 flat rate for commercial taps, and a \$40.00 fee for the church.

**2. Nonrecurring Charges**

We are requesting an approval of...

**New connection Tap in Fee**

3/4" Meter	\$560.00
------------	----------

1" Meter	\$760.00
----------	----------

1 1/2" Meter	\$1,260.00
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**New service with existing water Tap**

3/4" Meter	\$60.00
------------	---------

**3. Late Payment Charge**

We are requesting an approval late-payment charge of 1 1/2 % or any other amount approved by the commission for payments received after the 25th of the month. Service may be terminated for non-payment of a bill pursuant to Commission regulations.

**4. Charges for Discontinuance and Reconnection**

We are requesting an approval for reconnection fees of forty dollars (\$40.00) during normal working hours (8:00 AM to 4:00 PM Monday - Friday) and fifty dollars (\$50.00) after hours and weekends when service has been discontinued because of non-payment to be paid prior to the utility reconnecting service.

**5. NSF Charge**

We are requesting an approval of NSF check charge up to the maximum amount allowed by applicable South Carolina Public Service Commission rule.

**1. Monthly Charges**

Residential and Commercial

We are requesting an approval of a flat rate of \$25.00 per month for all single family residents, a \$40.00 flat rate for commercial taps, and a \$40.00 fee for the church. Flat rate of \$12 per month for any irrigation system.

**2. Nonrecurring Charges**

We are requesting an approval of...

**New connection Tap in Fee**

3/4" Meter	\$560.00
------------	----------

1" Meter	\$760.00
----------	----------

1 1/2" Meter	\$1,260.00
--------------	------------

**New service with existing water Tap**

3/4" Meter	\$60.00
------------	---------

Installation of Irrigation Meter	\$600.00
----------------------------------	----------

If any lawn irrigations are requested they will be considered as low hazard and will require the installation of an approved back-flow prevention device consistent with DHEC regulations and requirements. The expenses for the installation, maintenance, and verification of operation of any back-flow prevention devices will be paid by the customer.

**3. Late Payment Charge**

We are requesting an approval late-payment charge of 1 1/2 % or any other amount approved by the commission for payments received after the 25th of the month. Service may be terminated for non-payment of a bill pursuant to Commission regulations.

**4. Charges for Discontinuance and Reconnection**

We are requesting an approval for reconnection fees of forty dollars (\$40.00) during normal working hours (8:00 AM to 4:00 PM Monday - Friday) and fifty dollars (\$50.00) after hours and weekends when service has been discontinued because of non-payment to be paid prior to the utility reconnecting service.

**5. NSF Charge**

We are requesting an approval of NSF check charge up to the maximum amount allowed by applicable South Carolina Public Service Commission rule.